

TOWN OF SAREPTA, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/30/08

TOWN OF SAREPTA, LOUISIANA
Financial Statements
And Independent Auditor's Reports
As of and for the Year Ended June 30, 2007

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TOWN OF SAREPTA, LOUISIANA
Financial Statements
And Independent Auditor's Reports
As of and for the Year Ended June 30, 2007

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INDEPENDENT AUDITOR'S REPORT

WILLIAM E. WEATHERFORD, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Honorable E. L. Edwards, Mayor
and the Members of the Board of Aldermen
Town of Sarepta, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sarepta, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Sarepta, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sarepta, Louisiana, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 27, 2007, on my consideration of the Town of Sarepta, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 33 through 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

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My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sarepta, Louisiana's basic financial statements. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
December 27, 2007

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Town of Sarepta

Mayor
E. L. Edwards

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Sarepta, La. 71071
Ph (318)847-4333 fax (318)847-4198
Email: tos@centurytel.net

Chief of Police
Mack Garrett

Aldermen
Anthony Mullins
Dan Heckendorn
Jeff Franklin
Michael Corley
Wiley Corley

Town Clerk
Cheryle Robertson

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Sarepta, Louisiana, (hereafter referred to as "Town") we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Sarepta, Louisiana, as of and for the year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

The Town experienced an increase in its net assets by 9.91% (\$89,387) during the fiscal year ended June 30, 2007. As of June 30, 2007, the assets of the Town exceeded its liabilities by \$991,728. Of this amount \$309,277 (31.19%) is reported as "unrestricted net assets" and represents the amount available to be used to meet the Town's ongoing obligations to the citizens of Sarepta, Louisiana. The net assets of the governmental activities increased \$59,866 (14.16%), while the net assets of the business-type activities increased \$29,521 (6.16%).

As of the close of the fiscal year 2007, the Town's governmental fund reported an ending fund balance of \$184,047, a decrease of \$17,506 (8.69%).

During March of 2006, the Town increased the rates charged for sewer service. The year ended June 30, 2007 was the first full year of operations utilizing the new rates. As a result, revenue derived from sewer services increased \$31,970 during 2007.

During 2007, The Town received a state grant in the amount of \$30,000 which is reported in the Sewer Fund and that was used to purchase a new tractor with a loader bucket and a backhoe bucket.

The Town also received state grants of \$37,491 for completion of the walking trail and \$49,497 for construction of a handicapped assessable restroom facility at the park which are reported in the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Town - the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists users in assessing the Town's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid. Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to Interfund activity, payables, and receivables. The government-wide financial statements include two statements:

- The *statement of net assets* presents all of the Town's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Town's net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The *statement of activities* presents information showing how the Town's net assets changed during the most recent year using the full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years. This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets – the difference between assets and liabilities – as one way to measure the Town's financial health, or financial position. Overtime, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will also need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

Both of the above financial statements have separate sections for the two different types of Town activities. These activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (grants). Most services normally associated with the Town fall into this category, including general government, public safety, streets, and parks and recreation.

Business-type Activities – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activity of the Town consists of the provision of sewer service to citizens.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. The funds of the Town can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

- *Governmental funds.* Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Town's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Town has one governmental fund: the General Fund, which is considered a major fund for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

The basic governmental funds financial statements can be found immediately following the government –wide financial statements.

- *Proprietary Funds.* These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The Town has one enterprise fund (Sewer Fund) which is considered a major proprietary fund for presentation purposes.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the funds financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund as presented in the governmental fund financial statements. Annual budgets are prepared in accordance with accounting principles generally accepted in the

United States of America (GAAP). Following the required supplementary information is other supplementary information that is provided to show additional details.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Assets

Net assets may serve over time as a useful indicator of the Town's financial position. The Town's combined net assets (governmental and business-type activities) totaled \$991,728 and \$ 902,341 as of June 30, 2007 and 2006 respectively, an increase of \$89,387 (9.91%).

As of June 30, 2007, \$625,022 (63.02%) of the Town's net assets reflects the Town's investment in capital assets such as land, buildings, equipment, and sewer improvements, less any related debt used to acquire those assets that are still outstanding, compared to \$554,208 (61.42%) of the Town's net assets as of the close of the prior fiscal year. The Town uses these capital assets to provide services to the citizens of Sarepta; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net assets, \$57,429 (5.79%) as of June 30, 2007 and \$54,578 (6.05%) as of June 30, 2006, is restricted by loan covenants for repayment of principal and interest on long-term debt.

The other portion of the Town's net assets, \$309,277 (31.19%) and \$293,555 (32.53%) as of June 30 2007 and 2006 respectively, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors at the discretion of the mayor and council of Sarepta. The Town continues to maintain a high level of liquidity with \$311,080 (100.58%) of the unrestricted net assets of the Town consisting of cash, cash equivalents, and investments at June 30, 2007 compared to \$270,097 (92.01%) at June 30, 2006.

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current Assets	\$ 204,155	\$ 208,136	\$ 197,134	\$ 156,692	\$ 401,289	\$ 364,828
Capital Assets	298,572	223,416	752,409	765,404	1,050,981	988,820
Total Assets	502,727	431,552	949,543	922,096	1,452,270	1,353,648
Long-term Liabilities Outstanding	-	2,216	425,959	433,349	425,959	435,565
Other Liabilities	20,108	6,583	14,475	9,159	34,583	15,742
Total Liabilities	20,108	8,799	440,434	442,508	460,542	451,307
Net Assets:						
Invested in Capital Assets - Net of Related Debt	298,572	223,416	326,450	330,792	625,022	554,208
Restricted	-	-	57,429	54,578	57,429	54,578
Unrestricted	184,047	199,337	125,230	94,218	309,277	293,555
Total Net Assets	\$ 482,619	\$ 422,753	\$ 509,109	\$ 479,588	\$ 991,728	\$ 902,341

Changes in Net Assets

The Town's net assets increased \$89,387 (9.91%) during the year ended June 30, 2007 compared to a decrease of \$6,775 (.75%) during the year ended June 30, 2006. This increase is primarily due to capital grants received by the General Fund and an increase in the rates for sewer fees charged by the Sewer Fund.

Approximately 41.07% (\$190,619) of the Town's total revenues was derived through charges for services in 2007 compared to 51.26% (\$174,152) in 2006. During the year ended June 30, 2007, approximately 31.59% (\$146,603) was derived from general revenues including taxes, legal settlements, and interest compared to 41.07% (139,542) during 2006. The Town received \$ 126,858 (27.34%) and \$26,032 (7.67%) of its total revenues through program grants and contributions during 2007 and 2006, respectively.

The largest governmental activities expenses were for general government and public safety. In the fiscal years 2007 and 2006, governmental activities expenses exceeded program revenues resulting in the use of general revenues, mostly taxes, of \$82,924 and \$121,853, respectively. Net revenues from business-type activities exceeded expenses \$25,708 in fiscal year 2007 while net expenses exceeded net revenues \$24,464 in 2006.

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 71,455	\$ 86,958	\$ 119,164	\$ 87,194	\$ 190,619	\$ 174,152
Operating grants and contributions	9,870	6,300	30,000	15,000	39,870	21,300
Capital grants and contributions	86,988	4,732	-	-	86,988	4,732
General revenues:						
Taxes	141,527	130,223	-	-	141,527	130,223
Interest	2,146	2,084	1,997	1,447	4,143	3,531
Other	933	5,788	-	-	933	5,788
Total Revenues	<u>312,919</u>	<u>236,085</u>	<u>151,161</u>	<u>103,641</u>	<u>464,080</u>	<u>339,726</u>
Expenses:						
General government	147,557	105,357	-	-	147,557	105,357
Public safety	73,573	81,917	-	-	73,573	81,917
Streets	15,001	13,364	-	-	15,001	13,364
Parks and recreation	15,106	19,205	-	-	15,106	19,205
Sewer	-	-	123,456	126,658	123,456	126,658
Total expenses	<u>251,237</u>	<u>219,843</u>	<u>123,456</u>	<u>126,658</u>	<u>374,693</u>	<u>346,501</u>
Increase (decrease) in net assets before transfers	<u>61,682</u>	<u>16,242</u>	<u>27,705</u>	<u>(23,017)</u>	<u>89,387</u>	<u>(6,775)</u>
Transfers	(1,816)	(3,509)	1,816	3,509	-	-
Change in net assets	<u>59,866</u>	<u>12,733</u>	<u>29,521</u>	<u>(19,508)</u>	<u>89,387</u>	<u>(6,775)</u>
Net assets - beginning of year	<u>422,753</u>	<u>410,020</u>	<u>479,588</u>	<u>499,096</u>	<u>902,341</u>	<u>909,116</u>
Net assets - end of year	<u>\$ 482,619</u>	<u>\$ 422,753</u>	<u>\$ 509,109</u>	<u>\$ 479,588</u>	<u>\$ 991,728</u>	<u>\$ 902,341</u>

FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the Town's governmental fund is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

As of the end of the current year, the Town's governmental fund, the General Fund, reported an ending fund balance of \$184,047, a decrease of \$17,506 (8.69%) compared to the prior year. Approximately 94.72% (\$174,325) of this total amount consists of *unreserved fund balance*, which is available for spending during the coming year at the discretion of the mayor and town council. \$3,840 ((2.09%) is reserved to indicate that it is not available for spending because it has already been committed to fund festival expenditures while \$5,882 (3.19%) is reserved to indicate that it consists of prepaid items and is unavailable for spending during the coming year.

The General Fund is the chief operating fund of the Town. As a measure of the General Fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance as of June 30, 2007, (\$174,325) represents 53.05% of the total General fund expenditures (\$328,609) for the year.

Proprietary Fund

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town's proprietary fund (Sewer Fund) reported operating expenses of \$102,954 during the year ended June 30, 2007 compared to \$105,841 for the prior year, which was \$16,210 less than and \$18,647 in excess of its operating revenues of \$119,164 and \$87,194, respectively. The Town's proprietary fund also reported a non-operating income of \$11,495 which consisted primarily of interest expense of \$20,502 netted against a state grant of \$30,000 and interest income of \$1,997. The proprietary fund reported an increase of \$29,521 (6.16%) in net assets in the fiscal year ended 2007.

At the end of the current year, the Town's proprietary fund reported ending net assets of \$509,109. \$326,450 (64.12%) represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$57,429 (11.28%) is restricted by loan covenants for repayment of principal and interest on long-term debt and \$125,230 (24.60%) is unrestricted and available for spending at the Town's discretion.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Town complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

The Town's budget was amended because:

- General government and capital outlay expenditures were more than originally budgeted.

Expenditures were \$102,925 more than the amount originally budgeted.

Revenues available for expenditure were \$1,099 above the final budgeted amounts.

CAPITAL ASSET ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2007 totaled \$1,900,052, net of accumulated depreciation of \$849,071, leaving a book value of \$1,050,981. This investment in capital assets consists of land, buildings, equipment, and sewer improvements. The net increase in the Town's investment in capital assets for the current year was \$117,228 about 6.58% in terms of historical cost. Depreciation charges for the year totaled \$55,069 for 2007 compared to \$54,901 for the prior year.

DEBT ADMINISTRATION

At year end, the Town had \$425,959 in sewer revenue bonds outstanding, a decrease of \$8,654 (1.99%) compared to the prior year. Revenues derived or to be derived from the operation of the sewer system, after paying the reasonable and necessary expenses of operating and maintaining the system, are dedicated and pledged to the payment of the outstanding debt as set forth in the loan agreement. The Town is required to make monthly deposits into accounts restricted for the Bond Sinking Fund, the Bond Contingency Fund, and the Bond Reserve Fund as more fully described in Note 8.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended June 30, 2008, was prepared:

- Revenues are expected to remain consistent with the prior year.
- Expenses are expected to remain consistent with the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Town and seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Sarepta, P.O. Box 338, Sarepta, Louisiana 71071-0388 or by calling (318) 847-4333.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF SAREPTA, LOUISIANA

Statement of Net Assets June 30, 2007

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 127,641	\$ 88,439	\$ 216,080
Certificates of deposit	60,000	35,000	95,000
Receivables (net of allowance for uncollectible)	8,539	10,565	19,104
Internal balances	2,093	(2,093)	-
Prepaid expenses	5,882	-	5,882
Restricted:			
Cash and cash equivalents	-	65,223	65,223
Total current assets	<u>204,155</u>	<u>197,134</u>	<u>401,289</u>
Non-current assets:			
Capital assets (net of accumulated depreciation)	<u>298,572</u>	<u>752,409</u>	<u>1,050,981</u>
Total assets	<u>502,727</u>	<u>949,543</u>	<u>1,452,270</u>
<u>Liabilities and Fund Balances</u>			
Current liabilities:			
Accounts payable	17,620	6,557	24,177
Accrued payroll taxes	1,459	-	1,459
Compensated absences	526	-	526
Deferred revenue	503	-	503
Payable from restricted assets:			
Revenue bonds	-	8,795	8,795
Interest payable	-	141	141
Total current liabilities	<u>20,108</u>	<u>15,493</u>	<u>35,601</u>
Non-current liabilities:			
Customer deposits	-	7,777	7,777
Bonds payable	-	417,164	417,164
Total non-current liabilities	<u>-</u>	<u>424,941</u>	<u>424,941</u>
Total liabilities	<u>20,108</u>	<u>440,434</u>	<u>460,542</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	298,572	326,450	625,022
Restricted for debt service	-	57,429	57,429
Unrestricted	<u>184,047</u>	<u>125,230</u>	<u>309,277</u>
Total net assets	<u>\$ 482,619</u>	<u>\$ 509,109</u>	<u>\$ 991,728</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF SAREPTA, LOUISIANA

Statement of Activities

For the Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
General government	\$ 147,557	\$ 34,499	\$ 4,190	\$ (108,868)	\$ -	\$ (108,868)
Public safety	73,573	13,473	5,680	(54,420)	-	(54,420)
Streets	15,001	-	-	(15,001)	-	(15,001)
Parks and recreation	15,106	23,483	-	95,365	-	95,365
Total governmental activities	251,237	71,455	9,870	(82,924)	-	(82,924)
Business-type activities:						
Sewer	123,456	119,164	-	-	25,708	25,708
Total Primary Government	\$ 374,693	\$ 190,619	\$ 9,870	\$ (82,924)	\$ 25,708	\$ (57,216)
General Revenues:						
Taxes-						
Property taxes levied for general purposes				75,403	-	75,403
Sales and use taxes levied for general purposes				47,407	-	47,407
Franchise taxes				18,717	-	18,717
Interest and investment earnings				2,146	1,997	4,143
Miscellaneous				933	-	933
Transfers				(1,816)	1,816	-
Total general revenues and transfers				142,790	3,813	146,603
Change in net assets				59,866	29,521	89,387
Net assets- beginning of year				422,753	479,588	902,341
Net assets - end of year				\$ 482,619	\$ 509,109	\$ 991,728

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

FUND FINANCIAL STATEMENTS

TOWN OF SAREPTA, LOUISIANA

**Balance Sheet – Governmental Fund
June 30, 2007**

	General Fund
<u>ASSETS</u>	
Cash and cash equivalents	\$ 127,641
Certificates of deposit	60,000
Accounts receivable	8,539
Prepaid expenses	5,882
Due from other funds	2,383
Total assets	<u>\$ 204,445</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>Liabilities</u>	
Accounts payable	\$ 17,620
Accrued payroll taxes	1,459
Compensated absences payable	526
Deferred revenue	503
Due to other funds	290
Total liabilities	<u>20,398</u>
<u>Fund Balance</u>	
Reserved for festivals	3,840
Reserved for prepaids	5,882
Unreserved - undesignated	174,325
Total fund equity	<u>184,047</u>
Total liabilities and fund balance	<u>\$ 204,445</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF SAREPTA, LOUISIANA

**Reconciliation of Fund Balance on the Balance Sheet
For Governmental Fund to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2007**

Fund Balance - total governmental fund		\$ 184,047
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:		
Add - capital assets	\$ 412,719	
Deduct - accumulated depreciation	<u>(114,147)</u>	
		<u>298,572</u>
Net assets of governmental activities		<u>\$ 482,619</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF SAREPTA, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance -- Governmental Fund For the Year Ended June 30, 2007

	General Fund
Revenues:	
Taxes:	
Ad valorem	\$ 75,403
Sales and use	47,407
Franchise	18,717
Licenses and permits	34,499
Fines and forfeitures	13,473
Intergovernmental:	
State funds:	
Grants	86,988
On-behalf payments	5,680
Interest	2,146
Parks and recreation	23,483
Contributions	4,190
Miscellaneous	933
Total revenues	<u>312,919</u>
Expenditures:	
Current:	
General government	147,216
Public safety	66,056
Streets	14,606
Parks and recreation	13,503
Capital outlay	87,228
Total expenditures	<u>328,609</u>
Excess of Revenues Over Expenditures	<u>(15,690)</u>
Other financing sources (uses):	
Transfers from other funds	10,000
Transfers to other funds	(11,816)
Total other financing sources (uses)	<u>(1,816)</u>
Net Change in Fund Balance	(17,506)
Fund Balance - beginning of year	<u>201,553</u>
Fund Balance - at end of year	<u>\$ 184,047</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF SAREPTA, LOUISIANA

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance of
Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2007**

Net change in fund balance - governmental fund \$ (17,506)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$87,228) exceed depreciation expense (\$12,073) in the current period. 75,155

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund. This is the decrease in the amount of liability for non-current compensated absences. 2,217

Change in net assets - statement of activities \$ 59,866

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF SAREPTA, LOUISIANA

Statement of Net Assets
Proprietary Fund
June 30, 2007

<u>Assets</u>	<u>Sewer Fund</u>
Current assets:	
Cash and cash equivalents	\$ 88,439
Certificates of deposit	35,000
Receivables (net of allowance for uncollectible)	10,565
Due from other funds	290
Restricted:	
Cash and cash equivalents	<u>65,223</u>
Total current assets	<u>199,517</u>
Non-current assets:	
Capital assets (net of accumulated depreciation)	<u>752,409</u>
Total assets	<u>951,926</u>
 <u>Liabilities</u>	
Current liabilities:	
Accounts payable	6,557
Payable from restricted assets:	
Revenue bonds	8,795
Interest Payable	141
Due to other funds	<u>2,383</u>
Total current liabilities	<u>17,876</u>
Non-current liabilities:	
Customer deposits	7,777
Bonds Payable	<u>417,164</u>
Total non-current liabilities	<u>424,941</u>
Total liabilities	<u>442,817</u>
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	326,450
Restricted for debt service	57,429
Unrestricted	<u>125,230</u>
Total net assets	<u><u>\$ 509,109</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF SAREPTA, LOUISIANA

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2007

	<u>Sewer Fund</u>
Operating Revenues:	
Charges for services:	
Sewer charges	<u>\$ 119,164</u>
Operating Expenses:	
Cost of sales and services	56,129
Administration	3,829
Depreciation	<u>42,996</u>
Total operating expenses	<u>102,954</u>
Operating income (loss)	<u>16,210</u>
Non-operating Revenues (Expenses):	
Interest earnings	1,997
Interest expense	(20,502)
Intergovernmental:	
State funds:	
Grant	<u>30,000</u>
Total non-operating revenues	<u>11,495</u>
Income Before Contributions and Transfers	27,705
Transfers from other funds	11,816
Transfers to other funds	<u>(10,000)</u>
Change in Net Assets	29,521
Total Net Assets - beginning	<u>479,588</u>
Total Net Assets - ending	<u>\$ 509,109</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF SAREPTA, LOUISIANA

Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2007

Cash Flows From Operating Activities:		
Receipts from customers and users		\$ 121,359
Payments to suppliers		(26,705)
Payments to employees		(26,134)
Net Cash Provided by Operating Activities		<u>68,520</u>
Cash Flows From Noncapital Financing Activities:		
Subsidy from state grant		30,000
Advances from other funds		2,383
Advances to other funds		(290)
Operating transfer from other funds		11,816
Operating transfer to other funds		(10,000)
Net Cash Provided by Noncapital Financing Activities		<u>33,909</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition of capital assets		(30,000)
Principal paid on capital debt		(8,654)
Interest paid on capital debt		(20,458)
Net Cash Used by Capital and Related Financing Activities		<u>(59,112)</u>
Cash Flows From Investing Activities:		
Interest received		2,002
Net Cash Provided by Investing Activities		<u>2,002</u>
Net Increase in Cash and Cash Equivalents		45,319
Cash and Cash Equivalents, Beginning of Year		108,343
Cash and Cash Equivalents, End of Year		<u>\$ 153,662</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income		\$ 16,210
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	\$ 42,996	
Provision for bad debts	745	
Decrease in accounts receivable	149	
Decrease in prepaid expense	1,885	
Increase in customer deposits	490	
Increase in accounts payable	6,045	
Total adjustments		<u>52,310</u>
Net Cash Provided by Operating Activities		<u>\$ 68,520</u>
Noncash investing, capital, and financing activities		<u>None</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF SAREPTA

Notes to the Financial Statements
June 30, 2007

Introduction:

The Town of Sarepta, Louisiana (Town), is incorporated under the provisions of the Lawrason Act. The Town is located in the Parish of Webster.

The Town operates under the Mayor-Board of Aldermen form of government. Elected officials of the Town consist of the mayor, five (5) aldermen, and the chief of police, who are elected to four-year terms. The affairs of the Town are conducted and managed by the mayor and the board of aldermen.

The Town of Sarepta, Louisiana, complies with Generally Accepted Accounting Principles (GAAP). The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, or issue bonded debt.

1. Summary of Significant Accounting Policies:

Following is a summary of certain significant accounting policies:

- A. Reporting Entity – In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There were no entities that were determined to be component units of the Town of Sarepta, Louisiana.
- B. Basis of Presentation - The accompanying basic financial statements of the Town have been prepared in conformity with governmental accounting principles generally accepted in the United States of America.

TOWN OF SAREPTA

Notes to the Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies (Continued):

- C. **Fund Accounting** – The Town uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent (5%) of the corresponding total for all government and enterprise funds combined.

The funds are grouped into two fund types as described below:

Governmental Funds: Governmental funds account for all or most of the Town's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The following is the Town's governmental fund:

General Fund – The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

The General Fund is considered a major governmental fund of the Town.

Proprietary Funds: Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following is the Town's proprietary fund type:

Enterprise Fund – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing

TOWN OF SAREPTA

Notes to the Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies (Continued):

C. Fund Accounting – (Continued)

body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is the Sewer Fund, which is considered a major fund.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Governmental Fund Financial Statements - The amounts reflected in the Governmental Fund Financial Statements are accounted for using the "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Town's operations.

The amounts reflected in the Governmental Fund Financial Statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

Those revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, interest revenue and charges for services. Fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are generally recognized under the modified accrual basis when a liability is incurred. Salaries and related benefits are recorded when employee services are provided to the Town. Capital outlays are reported at the time purchased.

Proprietary Fund Financial Statements - The financial statements of the proprietary fund are reported using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows.

The amounts reflected in the Proprietary Fund Financial Statements use the accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating

TOWN OF SAREPTA

Notes to the Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies (Continued):

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund equity is classified as net assets.

Government-wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities include all the financial activities of the Town. Information contained in these statements reflects the "economic resources" measurement focus and the accrual basis of accounting. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues included in the Statement of Activities are (1) derived directly from charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, (2) operating grants and contributions, and (3) capital grants and contributions. Program revenues reduce the cost of the function to be financed from the Town's general revenues. Taxes and other items not properly included in program revenues are reported instead as general revenues.

- E. Cash and Cash Equivalents and Investments – Cash and cash equivalents include cash on hand, amounts in demand deposits and short term, highly liquid investments with original maturities of 90 days or less when purchased. Investments are interest-bearing time deposits with original maturity dated in excess of 90 days when purchased. Investments are stated at cost, which approximates market value.

The Town's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP). A nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

TOWN OF SAREPTA

Notes to the Financial Statements June 30, 2007

1. Summary of Significant Accounting Policies (Continued):

- F. Receivables – In the government-wide financial statement, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include franchise taxes and sales and use taxes. Business-type activities report customer's sewer service charges as its major receivables. Uncollectible amounts due for ad valorem taxes and sewer charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.
- G. Capital Assets – Capital assets which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, lighting, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded at their estimated fair value at the date of donation. The Town maintains the following threshold levels for capitalizing assets:

Land	\$ 1
Land improvements	\$ 10,000
Buildings	\$ 10,000
Machinery and equipment	\$ 5,000
Infrastructure	\$ 25,000
Computer software	\$ 5,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

In accordance with GASB Statement 34, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB Statement 34 forward and will not retroactively capitalize infrastructure. The Town does not capitalize historical treasures or works of art.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	20-40 years
Equipment	5-15 years
Sewer improvements	25 years
Outdoor and playground equipment	20 years

- H. Compensated Absences – The Town of Sarepta has the following policy relating to vacation and sick leave:

Vacation – Employees are entitled to five days after one continuous year of service; ten days after two continuous years of service; and fifteen days after ten years of service and thereafter. Vacation time will not be allowed to accrue and will be calculated based on the anniversary date of employment.

TOWN OF SAREPTA

Notes to the Financial Statements June 30, 2007

1. Summary of Significant Accounting Policies (Continued):

H. Compensated Absences (Continued)

Sick leave – Employees are entitled to ten sick leave days per year. The days will be based on the fiscal year of July 1 to June 30. First year employees will be given sick days at the rate of .833 days per month until the July 1st date. Sick days may accrue up to thirty days. Sick pay does not vest with the employee (i.e. is not paid upon termination) and is recognized as an expense by the Town when actually used by an employee.

There was a total of \$526 of accumulated unpaid vacation as of June 30, 2007.

- I. Interfund Transactions – Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

- J. Prepaid Expenses – Payments made to vendors for services that will benefit periods beyond June 30, 2007 are recorded as prepaid expenses.

- K. Restricted Assets – Restricted assets include cash and cash equivalents of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and customer's sewer deposits.

- L. Long-term Debt – The accounting treatment of long-term debt depends upon whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The Town's long term debt consists of revenue bonds payable and customer's sewer deposits.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

- M. Fund Equity – In the government-wide financial statements equity is classified as net assets and reported in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF SAREPTA

Notes to the Financial Statements June 30, 2007

1. Summary of Significant Accounting Policies (Continued):

M. Fund Equity – (Continued)

- b. Restricted net assets – Consists of net assets with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – Consists of all other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved or unreserved, with unreserved segregated between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide financial statements.

- N. Encumbrances – The Town does not utilize encumbrance accounting. Management does not believe that the use of encumbrance accounting would provide any significant benefit for budgetary purposes.

- O. Ad Valorem Taxes – Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes, using the assessed values determined by the tax assessor of Webster Parish.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents and Investments:

Cash and Cash Equivalents:

At June 30, 2007, the Town had cash and cash equivalents (book balances) totaling \$281,303 as follows:

	General Fund	Proprietary Fund	Total
Cash	\$ 100	\$ -	\$ 100
Demand deposits	127,541	153,662	281,203
	<u>\$ 127,641</u>	<u>\$ 153,662</u>	<u>\$ 281,303</u>

TOWN OF SAREPTA

Notes to the Financial Statements June 30, 2007

2. Cash and Cash Equivalents and Investments (Continued):

Investments:

At June 30, 2007, the Town had investments (book balances) totaling \$95,000 as follows:

	General Fund	Proprietary Fund	Total
Time deposits	\$ 60,000	\$ 35,000	\$ 95,000

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the Town in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

The cash equivalents and investments of the Town are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, the Town had collected bank balances of \$389,822 which were fully protected by \$157,429 of federal depository insurance and \$267,896 of pledged securities held by the custodial bank in the name of the Town of Sarepta.

Interest Rate Risk: The Town's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Town's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

TOWN OF SAREPTA

Notes to the Financial Statements June 30, 2007

3. Property Taxes:

For the year ended June 30, 2007, taxes of 21.75 mills were levied on property with assessed valuations totaling \$3,424,550 and were dedicated as follows:

General alimony	7.01 mills
Sewer, streets, parks, and recreation	14.74 mills

Total ad valorem taxes levied were \$74,486.

4. Receivables:

As of June 30, 2006, receivables consisted of the following:

	General Fund	Sewer Fund	Total
Franchise taxes	\$ 3,564	\$ -	\$ 3,564
Sales and use taxes	4,029	-	4,029
Ad valorem taxes	581	-	581
Service charges	-	11,629	11,629
Interest	465	36	501
Gross receivables	8,639	11,665	20,304
Less: Allowance for uncollectibles	(100)	(1,100)	(1,200)
Net total receivables	<u>\$ 8,539</u>	<u>\$ 10,565</u>	<u>\$ 19,104</u>

5. Due From/To Other Funds and Operating Transfers:

Amounts due from and to other funds as reported in the fund financial statements at June 30, 2007 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Sewer Fund	\$ 2,383
Sewer Fund	General Fund	290
		<u>\$ 2,673</u>

TOWN OF SAREPTA

Notes to the Financial Statements
June 30, 2007

5. Due From/To Other Funds and Operating Transfers (Continued):

In the ordinary course of business, the Town routinely transfers resources between funds. Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 10,000
Sewer Fund	General Fund	11,816
		<u>\$ 21,816</u>

6. Capital Assets:

Capital assets and depreciation activity as of and for the year ended June 30, 2007 for the Town is as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 75,280	\$ -	\$ -	\$ 75,280
Capital assets being depreciated:				
Building and structures	163,612	49,497	-	213,109
Improvements other than buildings	7,296	37,731	-	45,027
Vehicles	46,899	-	-	46,899
Equipment - office and other	12,430	-	-	12,430
Playground & ball equipment	19,974	-	-	19,974
Total capital assets being depreciated	<u>250,211</u>	<u>87,228</u>	<u>-</u>	<u>337,439</u>
Less accumulated depreciation for:				
Building and structures	57,876	2,559	-	60,435
Improvements other than buildings	4,925	654	-	5,579
Vehicles	25,334	7,517	-	32,851
Equipment - office and other	7,139	395	-	7,534
Playground & ball equipment	6,800	948	-	7,748
Total accumulated depreciation	<u>102,074</u>	<u>12,073</u>	<u>-</u>	<u>114,147</u>
Total capital assets being depreciated, net	<u>148,137</u>	<u>75,155</u>	<u>-</u>	<u>223,292</u>
Total capital assets, net	<u>\$ 223,417</u>	<u>\$ 75,155</u>	<u>-</u>	<u>\$ 298,572</u>

TOWN OF SAREPTA

Notes to the Financial Statements June 30, 2007

6. Capital Assets (Continued):

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,000	\$ -	\$ -	\$ 9,000
Capital assets being depreciated:				
Sewer plant	1,439,388	-	-	1,439,388
Equipment	-	30,000	-	30,000
Vehicles	8,945	-	-	8,945
Total capital assets being depreciated	1,448,333	30,000	-	1,478,333
Less accumulated depreciation for:				
Sewer plant	686,206	39,947	-	726,153
Equipment	-	1,350	-	1,350
Vehicles	5,722	1,699	-	7,421
Total accumulated depreciation	691,928	42,996	-	734,924
Total capital assets being depreciated, net	756,405	(12,996)	-	743,409
Total capital assets, net	\$ 765,405	\$ (12,996)	\$ -	\$ 752,409

Depreciation expense of \$12,073 for the year ended June 30, 2007 was charged to the following governmental functions:

General government	\$ 2,558
Public safety	7,517
Streets	395
Parks and recreation	1,603

7. Changes in Long-Term Debt:

The following is a summary of the long-term debt transactions for the year ended June 30, 2007:

	Business-type Activities	Governmental Activities	Total
	Revenue Bonds	Compensated Absences	
Long-term obligations at beginning of year	\$ 434,613	\$ 2,216	\$ 436,829
Additions	-	-	-
Deductions	(8,654)	(2,216)	(10,870)
Long-term obligations at end of year	\$ 425,959	\$ -	\$ 425,959

TOWN OF SAREPTA

Notes to the Financial Statements June 30, 2007

7. Changes in Long-Term Debt (Continued):

Sewer revenue bond payable at June 30, 2007, is comprised of the following issue:

\$516,000, Sewer Revenue Bonds, one interest only payment due July 24, 2001, and \$2,425 due on the 24th day of each month August 2001 to July 2040; interest at 4.75%. \$ 425,959

The total annual requirements to amortize all debt outstanding as of June 30, 2007, including interest payments of \$312,051 are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 8,795	\$ 20,383	\$ 29,178
2009	9,284	19,894	29,178
2010	9,741	19,437	29,178
2011	10,221	18,957	29,178
2012	10,673	18,505	29,178
2013-2040	377,245	214,875	592,120
Totals	<u>\$ 425,959</u>	<u>\$ 312,051</u>	<u>\$ 738,010</u>

8. Flow of Funds; Restrictions on use - Sewer Revenues:

Under the terms of the Sewer Revenue Bonds, revenues derived or to be derived from the operation of the sewer system, after paying the reasonable and necessary expenses of operating and maintaining the sewer system, are to be dedicated and pledged for the sinking, reserve and contingency funds scheduled payments as follows:

Sinking Fund

Commencing with the month following completion of and acceptance of the sewer improvements financed with the proceeds of the sewer revenue bonds, a sum of \$2,043 must be deposited on or before the 20th day of each month into the Sewer Revenue Bond and Interest Sinking Fund from August 20, 2000, through July 20, 2001. A sum of \$2,425 per month must be deposited into the Sinking Fund from August 20, 2001, through July 20, 2040, to provide amounts sufficient to pay promptly and fully the principal of and interest on the bonds.

Reserve Fund

Commencing with the month following completion of and acceptance of the sewer improvements financed with the proceeds of the sewer revenue bonds, a sum of \$103 per month must be deposited into the Reserve Fund from August 20, 2000, through July 20, 2001. A sum of \$122 per month must be deposited into the Reserve Fund from August 20, 2001, through July 20, 2040, until \$29,102 has been accumulated therein.

Contingency Fund

Commencing with the month following completion of and acceptance of the sewer improvements financed with the proceeds of the sewer revenue bonds, a sum of \$103 per month must be deposited into the Contingency Fund from August 20, 2000, through July 20, 2001. A sum of \$122 per month must be deposited into this fund from August 20, 2001, through July 20, 2040, which sum shall increase to \$243 per month once \$29,102 has been accumulated in the Reserve Fund

TOWN OF SAREPTA

Notes to the Financial Statements June 30, 2007

9. Restricted Assets - Proprietary Fund Type (Sewer Fund):

Restricted assets consisted of the following at June 30, 2007:

Bond and interest sinking fund	\$ 36,395
Revenue bond reserve fund	10,557
Revenue bond contingency fund	10,478
Customer deposits	7,793
	<u>\$ 65,223</u>

10. Municipal Police Employees Retirement System of Louisiana (System):

- A. Plan Description – All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

- B. Funding Policy – Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Sarepta, Louisiana, is required to contribute at an actuarially determined rate. The current rate is 15.50% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Sarepta, Louisiana's contributions to the System for the year ending June 30, 2007, 2006 and 2005 was \$5,557, \$5,704, and \$7,082 respectively, equal to the required contributions for the years.

11. Commitments and Contingencies:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

The Town is not currently named as defendant in any current or pending litigation.

TOWN OF SAREPTA

Notes to the Financial Statements June 30, 2007

12. Related Party Transactions:

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2007.

13. On-Behalf Payments:

Two employees received a total of \$5,680 in police supplemental pay from the State of Louisiana. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of supplemental pay received. The Town must recognize this supplemental pay received by the employees as revenues and expenses. The revenue is reported in the general fund under intergovernmental revenues and the expenditure is reported in public safety expenditures.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

TOWN OF SAREPTA, LOUISIANA

Budgetary Comparison Schedule- General Fund For the Year Ended June 30, 2007

	General Fund			Variance
	Budgeted Amounts		Actual	Favorable
	Original	Final		(Unfavorable)
Revenues:				
Taxes:				
Ad valorem	\$ 72,000	\$ 74,000	\$ 75,403	\$ 1,403
Sales and use	38,000	43,000	47,407	4,407
Franchise	19,000	15,000	18,717	3,717
Licenses and permits	18,000	34,000	34,499	499
Fines and forfeits	20,000	13,500	13,473	(27)
Intergovernmental:				
State funds:				
Grants	-	80,000	86,988	6,988
On-behalf payments	-	7,200	5,680	(1,520)
Interest	2,220	2,220	2,146	(74)
Parks and recreation	17,000	22,400	23,483	1,083
Contributions	-	-	4,190	4,190
Miscellaneous	4,200	5,500	933	(4,567)
Total revenues	190,420	296,820	312,919	16,099
Expenditures:				
Current:				
General government	99,300	158,600	147,216	11,384
Public safety	64,700	67,700	66,056	1,644
Streets	12,000	13,000	14,606	(1,606)
Recreation and parks	16,500	34,150	13,503	20,647
Capital outlay	17,000	90,000	87,228	2,772
Total expenditures	209,500	363,450	328,609	34,841
Excess of revenues over (under) expenditures	(19,080)	(66,630)	(15,690)	50,940
Other financing sources (uses):				
Transfers from other funds	32,000	25,000	10,000	(15,000)
Transfers to other funds	(28,000)	(18,200)	(11,816)	6,384
Total other financing sources (uses)	4,000	6,800	(1,816)	(8,616)
Net Change in Fund Balance	(15,080)	(59,830)	(17,506)	42,324
Fund Balance - beginning of year	201,553	201,553	201,553	-
Fund Balance - end of year	\$ 186,473	\$ 141,723	\$ 184,047	\$ 42,324

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF SAREPTA, LOUISIANA

Notes to Budgetary Comparison Schedule June 30, 2007

The proposed budget for the June 30, 2007, fiscal year was made available for public inspection at the office of the mayor in the Town Hall of Sarepta on May 8, 2006. The proposed budget is prepared in accordance with Generally Accepted Accounting Principles (GAAP) on the modified accrual basis.

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an enabling ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. The budget is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. The budgetary information presented in these financial statements is as so amended. Management may amend the budget only below the department level.
6. The Town utilizes formal budgetary integration as a management control device for all funds.

Through the budget, the Town allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the Town's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Town's performance.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year end. The budget for the fiscal year ended June 30, 2007 was adopted on June 12, 2006 and amended on June 11, 2007.

The budgetary comparison schedule presents comparisons of the original and final legally adopted budget for the general fund with the actual data.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SAREPTA, LOUISIANA

Schedule of Mayor and Aldermen's Compensation For the Year Ended June 30, 2007

The schedule of compensation paid to the mayor and the aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general government expenditures of the general fund. During 2007, the following amounts were paid to the mayor and aldermen:

	<u>Per Diem</u>	<u>Expense Re-imbursements</u>	<u>Total</u>
Honorable E.L. Edwards - Mayor	\$ 4,800	\$ 585	\$ 5,385
Aldermen per-diem:			
Honorable Michael Corley	1,200	-	1,200
Honorable Wiley Corley	1,200	-	1,200
Honorable Jeff Franklin	1,200	-	1,200
Honorable Danny Heckendorn	1,200	166	1,366
Honorable Anthony Mullins	1,200	-	1,200
Totals	<u>\$ 10,800</u>	<u>\$ 751</u>	<u>\$ 11,551</u>

The current elected officials' terms are as follows:

Office expiration date - December 31, 2008

Supplementary information.
See the accompanying independent auditor's report.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND THE
LOUISIANA GOVERNMENTAL AUDIT GUIDE**

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

WILLIAM E. WEATHERFORD, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable E. L. Edwards, Mayor
and the Members of the Board of Aldermen
Town of Sarepta, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sarepta, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town of Sarepta, Louisiana's basic financial statements and have issued my report thereon dated December 27, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Sarepta, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Sarepta, Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Sarepta, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town of Sarepta, Louisiana's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Sarepta, Louisiana's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sarepta, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

POST OFFICE BOX 5946, SHREVEPORT, LA 71135
PHONE: 318-798-1978 FAX: 318-798-1917

This report is intended solely for the information and use of the mayor and board of aldermen of the Town of Sarepta, Louisiana, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties for any other purpose. However, this restriction is not intended to limit the distribution of this report which is a matter of public record and is distributed by the Legislative Auditor under Louisiana Revised Statute 24:513.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
December 27, 2007

TOWN OF SAREPTA, LOUISIANA

Schedule of Audit Findings
June 30, 2007

FINDINGS RELATED TO INTERNAL CONTROL

None

FINDINGS RELATED TO COMPLIANCE

None

TOWN OF SAREPTA, LOUISIANA

**Summary Schedule of Prior Audit Findings
June 30, 2007**

PRIOR AUDIT FINDINGS RELATED TO INTERNAL CONTROL

Item: 06-1

Condition:

The town clerk has one part time employee who shares in significant accounting functions at the directive of the clerk. These duties include but are not limited to collecting payments for services, making deposits, paying bills, and updating the general ledger for both receipts and disbursements.

Status:

Resolved.

Item: 06-2

Condition:

The rent agreements used by the Town are not pre-numbered and issued in sequential order.

Status:

Resolved.

PRIOR AUDIT FINDINGS RELATED TO COMPLIANCE

Item: 06-3

Condition:

As of June 30, 2006, deposits totaling \$2,826 were not properly secured by FDIC insurance or the pledge of securities.

Status:

Resolved.